PROVINCE OF ALBERTA

# OFFICE OF THE

# ETHICS COMMISSIONER

# ANNUAL REPORT 2005-2006

106-07374/

## ABOUT THE OFFICE OF THE ETHICS COMMISSIONER

The Office of the Ethics Commissioner exists as a result of and operates under the *Conflicts of Interest Act* (Chapter C-23 of the Revised Statutes of Alberta 2000).

The Ethics Commissioner is an Officer of the Legislative Assembly. The Ethics Commissioner is appointed by Order-in-Council following passage of a motion in the Legislative Assembly approving the appointment. The motion follows a report and recommendation from the all-party Standing Committee on Legislative Offices.

The Ethics Commissioner reports to the Legislative Assembly through the Speaker with respect to annual reports, investigation reports, and matters relating to the Ethics Commissioner's jurisdiction or authority under the *Conflicts of Interest Act*, with the exception of administrative matters. The Ethics Commissioner presents budgetary estimates through the Standing Committee. The Legislative Assembly approves the budget for the Office of the Ethics Commissioner.

Upon receiving a report from the Ethics Commissioner, the Speaker is required to make the report public. If the Legislature is in session, the report is tabled at that time in the Legislature. If the Legislature is not in session, the report is released publicly and tabled when the Legislature next sits. (Reference: section 28 of the *Conflicts of Interest Act*.)

Under the *Conflicts of Interest Act*, the Legislative Assembly shall deal with an investigation report by the Ethics Commissioner within 60 days after the tabling of the report, or such other period determined by a resolution of the Legislative Assembly.

Under section 29 of the *Conflicts of Interest Act*, the Legislative Assembly may accept or reject the findings of the Ethics Commissioner or substitute its own findings and may if it determines that there is a breach

(a) impose the sanction recommended by the Ethics Commissioner or any other sanction referred to in section 27(2) it considers appropriate, or

(b) impose no sanction.

The Ethics Commissioner reports and recommends to the Assembly. The Legislative Assembly has full and final authority with respect to disciplinary matters relating to its Members.

Further information on the functions and responsibilities of the Office of the Ethics Commissioner may be obtained by contacting the office:

Office of the Ethics Commissioner
1250, 9925 - 109 Street, Edmonton, Alberta T5K 2J8
Phone: (780) 422-2273 Fax: (780) 422-2261
E-mail: generalinfo@ethicscommissioner.ab.ca
Website: www.ethicscommissioner.ab.ca

**OFFICE OF THE ETHICS COMMISSIONER**

Donald M Hamilton, Commissioner

September 1, 2006

Hon. Kenneth R. Kowalski
Speaker of the Legislative Assembly
325 Legislature Building
Edmonton, Alberta
T5K 2B6

Dear Mr. Speaker:

It is my honour and pleasure to submit to you the Annual Report of the Office of the Ethics Commissioner, covering the period from April 1, 2005 to March 31, 2006.

This report is submitted pursuant to section 46(1) of the *Conflicts of Interest Act*, Chapter C-23 of the 2000 Revised Statutes of Alberta.

Yours very truly,

Donald M. Hamilton
Ethics Commissioner

1250, 9925 - 109 Street, EDMONTON, ALBERTA T5K 2J8 • Telephone: (780) 422-2273 • Fax: (780) 422-2261
E-mail: generalinfo@ethicscommissioner.ab.ca Website: www.ethicscommissioner.ab.ca

## ETHICS COMMISSIONER'S REMARKS

It has been an interesting year for our office. Work began on the first review of the *Conflicts of Interest Act* as mandated in the legislation. We were pleased to provide technical support to the all-party committee led by Dr. Neil Brown and were grateful for the cooperation and assistance of the other technical advisors, including Rob Reynolds, Q.C, Senior Parliamentary Counsel, and Sarah Dafoe from Alberta Justice. I wish to thank the entire Review Committee for their interest in this office and our legislation, their support for the work we perform, and for allowing us to participate at the table with them.

My office made a submission to the Review Committee in August (all submissions are noted on the committee's website: http://www.assembly.ab.ca/COIReview/default.htm) and participated in all committee meetings during the year. Some of the recommendations from my office could be termed "house-keeping" as they merely reflect issues such as changes in titles of agencies or other entities. Other amendments will hopefully clarify or establish long-standing practices employed by my office. We also noted provisions in legislation across the country that we believe may improve our legislation if adopted by the Legislative Assembly.

We also recommended some additional ethics-related legislation for consideration.

Of particular interest to this office, we continue to recommend the creation of a lobbyists registry. As was noted during one of the committee meetings regarding the activities of the federal commission of inquiry into the sponsorship scandal ("the Gomery Inquiry"), it is important to "follow the money." Several public interest organizations in the United States do an admirable job of monitoring lobbyists registries and linking activities with legislative proposals. While the scale of operations in Canada is apparently much smaller, the ability to review the activities in relation to public policy would be a positive move – and it is one this office has supported for many years.

I must also stress that one of the principles noted in lobbyists registration legislation is that lobbying is a legitimate activity. Lobbying is undertaken by all sectors, including business, professions, trade associations, unions, and the non-profit sector. Having a lobbyist registry would give citizens a much truer picture of the wide variety of voices listened to by elected and government officials. I believe transparency and accountability are strengthened by having a lobbyists registry.

Another recommendation from my office dealt with increasing the post-employment provisions that apply to Ministers from six months to one year. I also recommended that post-employment provisions apply to designated senior officials. Since my office has some responsibilities relating to senior officials, there was discussion about who should be captured in that designation. The "policy official" concept described in the Tupper Report (the report of a Review Panel on the Act from 1996) was considered by the committee in its discussions about possible conflicts of interest legislation for this group of officials.

Since my office was hosting the annual meeting of the Canadian Conflict of Interest Network (my colleagues from across Canada), the Review Committee was able to meet with several of the Commissioners at an informal roundtable discussion and reception in early September. Just as I benefit from my colleagues' counsel throughout the year, I am sure the Review Committee members were also able to get a broader perspective of conflict-of-interest matters as a result of this discussion.

The conference was held in early September and we were pleased that so many of our colleagues could join us. We chose events and sites that had strong historical significance since we were meeting during Alberta's 100th anniversary. Our colleagues were treated to tours at the Ukrainian Cultural Heritage Village, Elk Island National Park, Government House, the Royal Alberta Museum, and to dinner at Fort Edmonton.

In last year's annual report, I said I hoped 2005 would be the year that trust levels in politicians would rise. Sadly that did not happen. The annual Profession Barometer from Leger Marketing, released March 9, 2006, reveals that the trust level in politicians dropped overall by two percent (although it did rise two percent in the prairie provinces). Fortunately, the level of trust in senior public servants rose five percent overall (six percent in the prairie provinces).

"Ethics" was cited frequently as one of the most important issues facing the country during the January 2006 federal general election. The issue was given significant prominence in the leaders' televised debates and was – and continues to be – the focus of many news articles, columns and editorials. Greater efforts to regain public trust are obviously required, and we will continue to watch with great interest the activities in the House of Commons and Senate to address the concerns of Canadians in this area.

For my office, 2006-2007 will see the Review Committee present its report, and we await the direction and decision of the Legislature on the committee's recommendations. We anticipate that the report will stimulate discussion about ethics in Alberta's public service, but we also acknowledge that the Act will not likely be amended in 2006-2007. We intend to share our experiences with the review process with our colleagues as they begin to go through their own legislated reviews.

We will continue to work with other ethics agencies on ethics events to help promote ethical conduct, and I will continue to accept speaking engagements throughout the province to let Albertans know more about what we do on their behalf.

I wish to express my gratitude to my staff and to the staff of the Office of the Information and Privacy Commissioner for their support in carrying out the functions of this office. I also wish to thank my Legislature Officer colleagues for their friendship and counsel over the year.

## DISCLOSURE PROCESS

Some of the amendments discussed by the Review Committee deal with the disclosure process and the need to amend amounts referred to in the Act. The amounts used (in relation to what is not disclosed publicly and regarding gifts) have not been amended since the Act was passed in 1991.

At present, income, assets, liabilities and financial interests of less than $1,000 are not publicly disclosed. We have recommended that that figure be increased. Similarly, the requirement to disclose any fee, gift or other benefit over $200 (the current amount cited in the legislation) is out-of-date. Members, for the most part, do not receive many gifts over the course of a calendar year. The vast majority of disclosed "gifts" relate to tickets to fundraising events (cultural, political or charitable). We believe a more realistic amount for disclosure would be $400.

We await the direction of the Legislature on possible amendments.

We will continue to use the forms currently in existence until any amendments are dealt with. We make minor revisions to them on an annual basis in an effort to make them more user friendly. We are working on a version of the forms for placement on our website that would allow Members to fill in the forms electronically, with drop-down menus that reflect the most common responses to entries (e.g. the names of chartered banks, etc.). We regret that we do not have sufficient security in place to offer the option of filing electronically. The privacy and security of the information provided to my office will always receive top priority.

With respect to filing deadlines, we were pleasantly surprised in June 2005 that Members not only met the deadline, all MLAs filed their disclosure statements one day prior to the deadline. This was a first for our office and we acknowledge that it would not happen without the support from the Members themselves and, most particularly, from each caucus through its Whip or House Leader. Thank you to all who help ensure this 100% compliance.

Senior officials generally complied with the timeline set for their disclosures. Some extensions were granted for personal reasons for a small number of senior officials. In each case, my office was aware of the need for an extension prior to a deadline passing and we wish to thank the officials involved for notifying my office ahead of time.

## PROVISION OF ADVICE

Figure 1 below provides a general categorization of the requests received in 2005-06. Some requests for advice involve more than one category but I have listed the request under the most appropriate or significant category only.

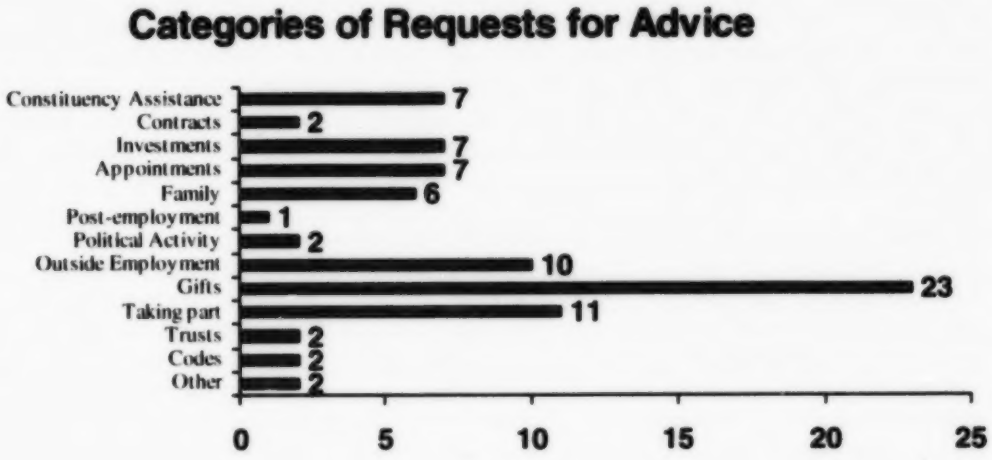



Figure 1

In reviewing these statistics, I looked at whether there was any greater tendency for "newer" Members to raise questions. I was surprised to find that the figures noted in Figure 1 above relate to requests from 30 Members who are either serving in their first or second term and 25 requests come from Members who have served three or more terms. The remaining 27 requests come from a variety of sources but predominately from senior officials.

It is interesting to me that Members continue to use my office throughout their entire public service. It is an indication that Members are mindful of their obligations. Members do not hesitate to keep my office advised of issues and seek my approval regarding their choices or my advice regarding options before acting.

As noted in past years, my office is occasionally consulted about codes of conduct that apply to persons outside my mandate. We are pleased to offer our comments. The public should take comfort in knowing the importance codes of conduct and statements of values have for various public service entities and the desire on the part of the executives of these agencies to ensure compliance and a very high standard of conduct.

## CONDUCT OF INVESTIGATIONS

One investigation was conducted by my office in 2005. At the same time, the Office of the Auditor General was conducting a review into matters very similar to or involving some of the same information. Our offices shared information gained from interviews conducted or provided by parties involved. I am very grateful for the assistance provided to us by the Auditor General's staff.

The investigation related to lands released for development in Fort McMurray. Some of the individuals or organizations involved on the developer side were contributors to the election campaigns of their Member of the Legislature (who is also a Cabinet Minister). Allegations were made that the Member's involvement might have been a breach of the Act. Part of the investigation focused on whether there was any evidence that any promise or commitment was made to "reward" a campaign contributor through the awarding of parcels of land for development. No such evidence was brought to my attention. I concluded there was no breach of the Act. I do note, however, that subsequent releases of land have followed a request for proposal process.

As usual, my office receives many more requests for investigation than are carried out. In most cases, the matters raised are very clearly outside my jurisdiction. I have noticed this year that some citizens are connecting news articles or policy decisions with certain comments or actions by specific Members. In declining to conduct an investigation, I try to explain my mandate and the need for some connection between a Member's actions and the Member's private interests. The citizen's disagreement with a government or Legislature decision is not sufficient. I generally cannot make the assumptions the citizen asks me to make. Nevertheless, I am impressed by the vigilance of many citizens and their thoughtful representations to me.

### Requests for Investigations

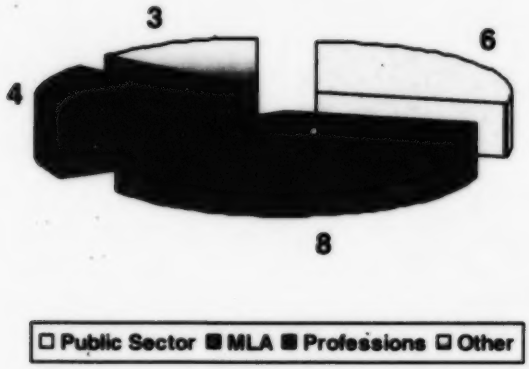



**Figure 2**

# EDUCATIONAL INITIATIVES

## I. Ethics Events or Conferences

As noted earlier, my office was pleased to host the annual meeting of the Canadian Conflict of Interest Network. We welcomed Jean Fournier, the Senate Ethics Officer, and the Hon. Patrick Ryan, Conflict of Interest Commissioner for New Brunswick, to our group. Mr. Fournier was able to arrive a couple of days early and we spent some time discussing our practices and processes with him. We also said goodbye to a long time colleague, the Hon. E.N. (Ted) Hughes, OC, Q.C., who is retiring from our circle after having served as Conflict of Interest Commissioner in British Columbia, Northwest Territories and Yukon. His common sense approach and expertise will be greatly missed. Our meeting was informative – as always – and strengthened, I believe, our commitment to support each other in carrying out our functions. CCOIN will next meet in Iqaluit in September 2006.

Although we did not attend the annual meeting of the Council on Government Ethics Laws in Boston in December, we continue to retain our membership in COGEL and support that organization. The 2006 conference will be held in Louisiana.

I also attended an event in Calgary sponsored by the Sheldon Chumir Foundation for Ethics in Leadership. On October 27, Dr. Bernard Shapiro, federal Ethics Commissioner spoke on "Ethics in Government, A Risky Business?" The Foundation kindly arranged a dinner for Dr. Shapiro prior to the event which I also attended.

On March 2, Karen South, Senior Administrator, attended an "Ethics Matters" forum at the Providence Renewal Centre. This second annual event focuses on ethics in the health sector but the speakers invited to date have spoken of ethical decision-making and approaches to ethics and ethics training that go beyond that one sector.

## II. Speaking Engagements

| Date | Event/Speaking Engagement |
|---|---|
| May 12 | Society of Local Government Managers, Kananaskis |
| May 24 | Visit with Ethics Committee, University of Alberta Hospitals |
| September 16 | Youth Secretariat Panel |
| October 19 | School at the Legislature |
| October 26 | Canadian Ethics Leadership Forum, Public Debate, Edmonton |
| October 27 | Congress 2005 Panel, Calgary |
| December 21 | School at the Legislature |
| March 8 | Alberta Gaming and Liquor Commission, presentation to Board |
| March 28 | Probus Club, Edmonton |

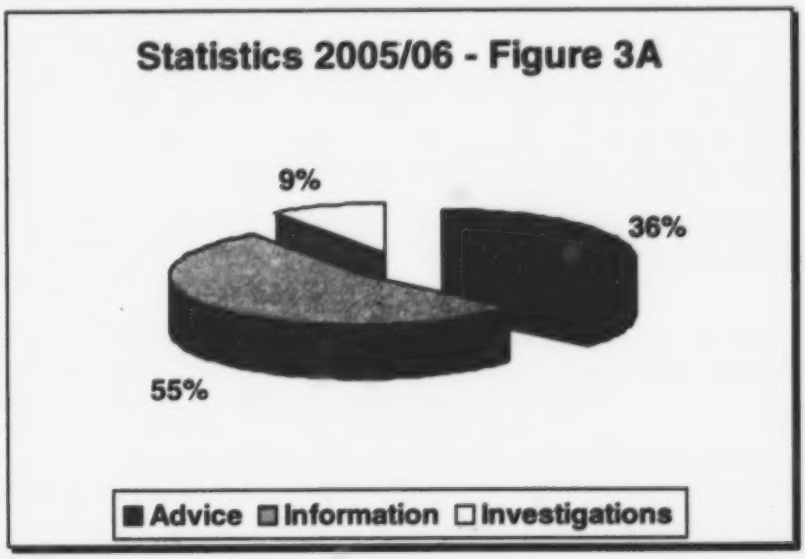
While the majority of engagements noted above were from invitations received by my office, I do request opportunities to meet with groups. The sessions I held with the Ethics Committee at the U of A Hospitals and my meeting with the Youth Secretariat are examples of presentations that I initiated.

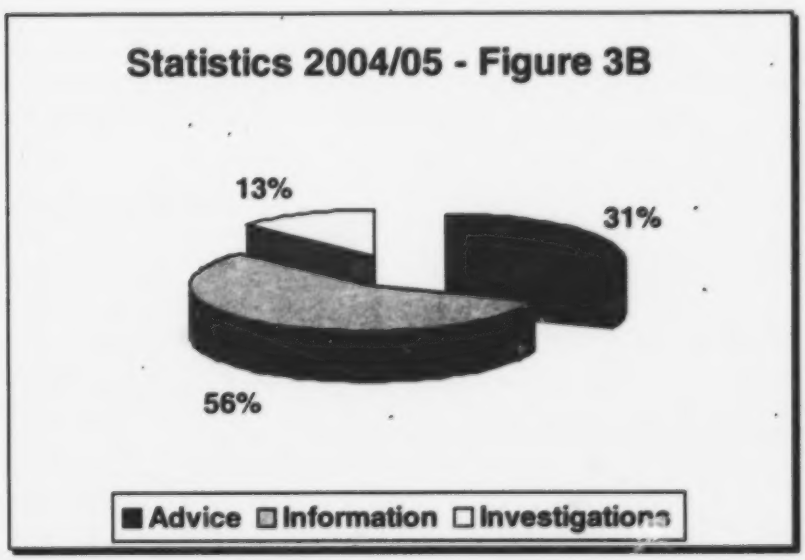
## III. Publications

The Business Plan was updated for 2006-2007 and was submitted to the Standing Committee on Legislative Offices to assist them in their consideration of our budget submission. During the submission, the office was asked whether we had updated or developed any brochures or other information materials. We replied that we had not. Following that meeting, we did develop a brochure based on speech materials used at the School at the Legislature presentations. We intend to produce copies of that brochure for distribution to students during those presentations.

Staff in my office are reviewing the design of our website and we will be working towards making it more user friendly and current.

Figures 3A and B below show the percentage of requests received by our office that dealt with information, investigations, or provision of advice.



# Office of the Ethics Commissioner

Financial Statements

As at March 31, 2006

# OFFICE OF THE ETHICS COMMISSIONER

## FINANCIAL STATEMENTS

## AS AT MARCH 31, 2006


Auditor's Report

Statement of Financial Position

Statement of Changes in Net Liabilities

Statement of Operations

Statement of Cash Flow

Notes to the Financial Statements

Schedule 1 – Salary and Benefits Disclosure

Schedule 2 – Schedule of Allocated Costs

AUDITOR GENERAL
*Alberta*

## Auditor's Report

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Office of the Ethics Commissioner (the Office) as at March 31, 2006 and the statements of changes in net liabilities, operations and cash flow for the year then ended. These financial statements are the responsibility of the Office's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 21, 2006

OFFICE OF THE ETHICS COMMISSIONER

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2006

| | 2006 | 2005 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Accounts receivable | $ 221 | $ 45 |
| Prepaid expenses | 895 | 1,582 |
| Total current assets | 1,116 | 1,627 |
| Capital assets (Note 4) | 12,534 | 10,766 |
| | $ 13,650 | $ 12,393 |
| **LIABILITIES AND NET LIABILITIES** | | |
| Current liabilities | | |
| Accounts payable | $ 8,570 | $ 18,650 |
| Accrued vacation pay | 22,073 | 16,046 |
| Total current liabilities | 30,643 | 34,696 |
| Net liabilities | (16,993) | (22,303) |
| | $ 13,650 | $ 12,393 |

The accompanying notes and schedules are part of these financial statements.

## OFFICE OF THE ETHICS COMMISSIONER

## STATEMENT OF CHANGES IN NET LIABILITIES

## FOR THE YEAR ENDED MARCH 31, 2006

| | 2006 | 2005 |
|---|---|---|
| Net liabilities at beginning of year | $ (22,303) | $ (9,220) |
| Net operating results | (366,595) | (339,610) |
| Net transfer from general revenues | 371,905 | 326,527 |
| Net liabilities at end of year | $ (16,993) | $ (22,303) |

The accompanying notes and schedules are part of these financial statements.

## OFFICE OF THE ETHICS COMMISSIONER

## STATEMENT OF OPERATIONS

## FOR THE YEAR ENDED MARCH 31, 2006

| | 2006 | | 2005 |
|---|---|---|---|
| | Budget (Note 6) | Actual | Actual |
| **Revenues** | | | |
| Prior Year Expenditure Refund | | $ - | $ 678 |
| Shared Services-Information and Privacy Commissioner | | 1,257 | 530 |
| Total Revenue | | 1,257 | 1,208 |
| **Expenses** | | | |
| Voted | | | |
| Salary, wages, and employee benefits | | 295,564 | 277,913 |
| Supplies and services | | 66,772 | 57,963 |
| | $ 419,000 | 362,336 | 335,876 |
| Non-budgetary | | | |
| Capitalization of assets expensed as supplies | | (4,582) | - |
| Amortization of capital assets | | 2,814 | 4,481 |
| Shared Services-Information and Privacy Commissioner | | 1,257 | 530 |
| | | (511) | 5,011 |
| Valuation adjustments | | | |
| Provision for vacation pay | | 6,027 | (69) |
| Total Expenses | | 367,852 | 340,818 |
| Net operating results | | $ (366,595) | $ (339,610) |

The accompanying notes and schedules are part of these financial statements.

## OFFICE OF THE ETHICS COMMISSIONER

## STATEMENT OF CASH FLOW

## FOR THE YEAR ENDED MARCH 31, 2006

| | 2006 | 2005 |
|---|---|---|
| Operating transactions | | |
| Net operating results | $ (366,595) | $ (339,610) |
| Add non -cash charges | | |
| Amortization of capital assets | 2,814 | 4,481 |
| | (363,781) | (335,129) |
| Increase in accounts receivable | (176) | (45) |
| Decrease (increase) in prepaid expenses | 687 | (461) |
| Increase (decrease) in accounts payable | (10,080) | 9,177 |
| Increase (decrease) in accrued vacation pay | 6,027 | (69) |
| Cash applied to operating transactions | (367,323) | (326,527) |
| Capital transactions | | |
| Acquisition of capital assets | (4,582) | - |
| Cash applied to capital transactions | (4,582) | - |
| Financing transactions | | |
| Net transfer from general revenues | 371,905 | 326,527 |
| Increase (decrease) in cash | - | - |
| Cash, beginning of year | - | - |
| Cash, end of year | - | - |

The accompanying notes and schedules are part of these financial statements

# OFFICE OF THE ETHICS COMMISSIONER

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2006

### Note 1 Authority

The Office of the Ethics Commissioner is operated under the authority of the *Conflicts of Interest Act*. The net cost of the operations of the Office is borne by the General Revenue Fund of the Province of Alberta. Annual operating budgets are approved by the Select Standing Committee on Legislative Offices.

### Note 2 Purpose

The Office of the Ethics Commissioner enhances public confidence in the integrity of Members of the Legislative Assembly and of the public service of Alberta by providing advice and guidance to Members and senior officials regarding their private interests in relation to their public responsibilities, by conducting investigations into allegations of conflicts of interest against Members, and by promoting the understanding by Members, senior officials and the public of the obligations regarding conflict of interest contained in legislation or directive.

### Note 3 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles:

a) Reporting Entity

The reporting entity is the Office of the Ethics Commissioner, for which the Ethics Commissioner is responsible.

The Office operates within the General Revenue Fund. The Fund is administrated by the Minister of Finance. All cash receipts of the Office are deposited into the Fund and all cash disbursements made by the Office are paid from the Fund. Net transfer from general revenues is the difference between all cash receipts and all cash disbursements made.

Note 3 Summary of Significant Accounting Policies and Reporting Practices (continued)

b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Expenses

Expenses represent the costs of resources consumed during the year on the Office's operations.

Valuation Adjustments

Valuation adjustments include changes in the valuation allowances used to reflect financial assets and liabilities at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Assets

Tangible capital assets are amortized on a straight-line basis, over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Computer hardware and software | 3 years |
| Furniture and other office equipment | 10 years |

The Office follows government budgetary practices which allow funds from an operating budget to be used to purchase capital assets. These purchases are included in expenses on the statement of operations, but are then removed from expenses through a non-budgetary adjustment and are capitalized and amortized over their useful lives. The Office of the Ethics Commissioner capitalizes assets if their useful life is expected to be longer than 1 year and the purchase cost is $2,500 or greater ($250 for fiscal years prior to and including March 31, 2003).

Liabilities

Liabilities include all financial claims payable by the Office at fiscal year end.

Note 3 Summary of Significant Accounting Policies and Reporting Practices (continued)

b) Basis of Financial Reporting

Net Liabilities

Net liabilities represent the difference between the value of assets held by the Office and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts payable, accounts receivable and accrued vacation pay are estimated to approximate their book values, due to the short-term nature of these items.

Note 4 Capital Assets

| | 2006 | | | 2005 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computer hardware and software | $ 29,634 | $ 25,816 | $ 3,818 | $ 323 |
| Furniture and other office equipment | 17,278 | 8,562 | 8,716 | 10,443 |
| | $ 46,912 | $ 34,378 | $ 12,534 | $ 10,766 |

Note 5 Defined Benefit Plans

The Office participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The expense for these pension plans is equivalent to the annual contributions of $17,758 for the year ending March 31, 2006 (2005 $12,946).

Note 5 Defined Benefit Plans (continued)

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of $165,895,000 (2004-$268,101,000) and the Public Service Pension Plan reported a deficiency of $187,704,000 (2004 – $450,068,000).

The Office also participates in a multiemployer Long Term Disability Income Continuance Plan. At March 31, 2006, the Management, Opted Out and Excluded Plan reported an actuarial surplus of $8,309,000 (2005-$3,208,000). The expense for this plan is limited to employer's annual contributions for the year.

Note 6 Budget

| Expenses | |
|---|---|
| 2005-2006 budget[a] | $ 419,000 |
| 2005-2006 actual voted expenses | 362,336 |
| 2005-2006 surplus (excluding valuation adjustments and non-budgetary expenses) | $ 56,664 |

[a] Legislative Assembly Estimates released on April 13, 2005

Note 7 Lease Obligations

The office leases a photocopier under an operating lease that expires in December 2006. The aggregate amount payable for the unexpired term of this lease is as follows:

| | |
|---|---|
| 2007 | $ 1,755 |
| Total | $ 1,755 |

Note 8 Approval of Financial Statements

These financial statements were approved by the Ethics Commissioner.

Schedule 1

## OFFICE OF THE ETHICS COMMISSIONER
## SALARY AND BENEFITS DISCLOSURE
## FOR THE YEAR ENDED MARCH 31, 2006

| | 2006 | | | | 2005 |
|---|---|---|---|---|---|
| | Base Salary (1) | Other Cash Benefits (2) | Other Non-Cash Benefits (3) | Total | Total |
| Senior official<br>Ethics Commissioner (4) | $ 110,985 | $ 15,633 | $ 4,121 | $ 130,739 | $ 121,214 |

(1) Base salary includes contract payments.

(2) Other cash benefits include monthly payment in lieu of employee participating in the Management Employee Pension Plan.

(3) Employer's share of all employee benefits and contributions or payments made on behalf of the employee including CPP/EI premiums, Alberta Health Care, dental, prescription drug and extended medical coverage, group life insurance, long-term disability plan and WCB premiums.

(4) An automobile was provided, but not included in other non-cash benefit figures.

## OFFICE OF THE ETHICS COMMISSIONER

Schedule 2

## SCHEDULE OF ALLOCATED COSTS

## FOR THE YEAR ENDED MARCH 31, 2006

| | 2006 | | | | | 2005 |
|---|---|---|---|---|---|---|
| | | Expenses - Incurred by Others | | Valuation Adjustments[4] | | |
| Program | Expenses[1] | Accommodation Costs[2] | Telephone Costs[3] | Vacation Pay | Total Expenses | Total Expenses |
| Operations | $ 361,825 | $ 45,982 | $ 1,058 | $ 6,027 | $ 414,892 | $ 388,668 |

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

(2) Costs shown for Accommodation (includes grants in lieu of taxes) is allocated by square footage.

(3) Costs shown for Telephone is line costs for all phone numbers

(4) Valuation Adjustments as per Statement of Operations. Employee benefits provision was allocated by employee.